

LEGAL NOTICE

AND

**FREQUENTLY ASKED
QUESTIONS**

REQUEST FOR PROPOSAL - RFP #201007749
MAINE DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES
MAINE FARMS FOR THE FUTURE PROGRAM

The Maine Department of Agriculture, Food and Rural Resources Ag Resource Development Division, is requesting farmer's applications to the Maine Farms for the Future Program (FFF) – Phase 1 - Business Plan Development Program. To be eligible an applicant must own and operate a Farm Business that has been producing agricultural products commercially in the State of Maine for at least two (2) years at the time of application. The applicant must own their farmland. If having recently purchased the farmland, the applicant must have at least two years experience operating a Farm Business elsewhere in Maine. As defined in Title 7, Chapter 36, *Rules Governing the Maine Farms for the Future Program*, a Farm Business means that the agricultural products grown or produced on the farm are being sold commercially and the farm has documentation of gross and net farm income, expenses, net worth and farm debt.

Copies of the Request for Proposals (RFP) and Program Application are available from Kimbalie Lawrence, DAFRR- ARD, 28 State House Station, Augusta, ME 04333-0041.

Telephone: (207) 287-3491. Email: kimbalie.lawrence@maine.gov

Six (6) copies of the proposal and one (1) copy of the required tax forms sealed in one (1) envelope clearly marked with your return address and the notation: "**Proposal: Maine Farms for the Future Business Plan Development Program**" must be delivered to the Division of Purchases, Burton M. Cross Building, 4th Floor, 111 Sewall Street, 9 State House Station, Augusta, Maine 04333-0009, no later than 2:00 p.m. local time on **Thursday, September 9, 2010**, at which time and place they will be publicly opened and read aloud.

Maine Farms for the Future Program

Phase 1 Business Planning

FAQ

Phase 1 – APPLICATION

Question 1

The Phase 1 eligibility requirements state that I must own and operate a Farm Business. We have several income streams on the farm, we rent rooms in the farmhouse, we rent the farm grounds for special events, and we board horses. Are we eligible for Phase 1?

To be eligible for Phase 1 business planning, you must own a Farm Business, meaning that the agricultural products grown or produced on the farm are being sold commercially and the farm has documentation of gross and net farm income, expenses, net worth and farm debt. The Farm Business must have been producing agricultural products commercially in the State of Maine for at least two (2) years at the time of application.

The rental of farm grounds, farmhouse apartments and animal boarding would not meet the eligibility requirements. However, if such accessory uses were in conjunction with the farm's production of an agricultural product like a specialty forage mix that was being grown on the farm and had been for commercial sale for at least 2 years, then the farm would be considered eligible for Phase 1.

Question 2

The Phase 1 eligibility requirements state that I must own my farmland or be a shareholder or partner in a legal entity that owns the farmland. What constitutes a "legal entity" and "shareholder" or "partner"?

A "legal entity" is an entity, other than an individual person, which exists in law that can function legally to make decisions through agents as in the case of corporations. Examples of a "legal entity" are: a limited liability company, a corporation, a partnership, a limited partnership, a cooperative, or a trust.

A "shareholder" is someone who owns shares in a corporation or limited liability company. A "partner" is a member of a partnership or firm, one who has joined with others to form a partnership in business. A partner may be full or limited, may share ownership of the property of a partnership, may participate in the management of the partnership, and may be responsible for its liabilities and debts. If you are not yet a shareholder or partner, but are in the process of becoming a shareholder or partner in a legal entity on a farm, then you may still be eligible for Phase 1.

Question 3

We operate a small vegetable farm and manage all aspects of the farm business—from marketing, to financial planning, to production. However, we do not own the farm, but rather lease all of our land. Are we eligible?

You are not eligible. To be eligible for Phase 1 (and Phase 2) funding, the farmland owner must be the applicant. While a lease gives you an interest in property, it does not guarantee a right of ownership in that property.

In your case, the landowner would have to enter into a joint ownership agreement with you, or she/he would need to be the Phase 1 (and Phase 2) applicant and would therefore be the recipient of all grant funds.

Question 4

The application asks if I have sold or donated the “development rights” on my farm. In the past, back when I bought the property, I sold some parcels that have since had houses built on them. What do you mean?

When you sell a house lot or two, you sell your land and the right to develop it transfers to the new owner. That is different from what is meant by selling development rights.

When a landowner sells or donates their “development rights” they put a permanent restriction on their deed to the land. The restriction, often called a conservation easement, carries forward with the deed to all future owners. In terms of the Maine Farms for the Future Program, if you already have a permanent conservation easement on your farmland you are eligible and encouraged to apply for the Phase 1 – Business Plan Development grant. If you went on to apply for Phase 2 Investment Support, you would only be eligible to apply for the recommendation for the Reduced Interest (2%) Loan, and would not be eligible to apply for the Cash Grant.

Question 5

Do I need to fill out the SAMPLE - Agreement to Purchase Services attached to the application?

DO NOT fill out the sample agreement. DO read the terms of this agreement as these will apply to your actual Phase 1 agreement with the Maine Department of Agriculture, Food and Rural Resources. If you are accepted into Phase 1, the Farms for the Future Program Administrator and the Department of Agriculture will work with you to create the actual agreement.

Question 6

How do I find out my soil classification?

Contact your county Soil and Water Conservation District and USDA Natural Resources Conservation Service (NRCS) Office to request GIS maps of your farmland’s soil types which are typically classified as “Prime Farmland”, “Farmland of Statewide Importance” or “Not Prime Farmland” (in Androscoggin, Kennebec & Sagadahoc Counties there is also a classification of “Farmland of Local Importance”). These are busy offices and you may need to make an appointment to go into the office to work with a technician to generate this map. Go to <http://www.maineswcds.org/> to find your county office location and telephone number.

Question 7

What types of expenditures are allowed in the Phase 1 Agreement?

See Rider D of the ***Sample Agreement to Purchase Services*** in the RFP packet. This section lists those expenses that are allowed. If accepted into the program, you will work with the Program Administrator to formulate a package of services. This will include a service providers who best address your ideas for change and innovation on your farm, and may include activities such as conferences, trainings. All expenditures will expressly go towards the research and development of your farm business plan.

Question 8

Do I submit my application in 6 individually sealed envelopes, or do I submit 6 copies of my application in one sealed envelope?

Submit 6 copies of your application in one sealed envelope on or before the deadline. Be sure to include one copy of both your 2008 and 2009 IRS Schedule F tax forms, or one copy of other documentation showing farm income and expenses for the years 2008 and 2009.